

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Brulte Analyst: Jeff Garnier Bill Number: SB 1256

Related Bills: See Prior Analysis Telephone: 845-5322 Amended Date: April 1, 2002

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Conformity to Portions of 2001 Economic Growth & Tax Relief Reconciliation Act (EGTRRA)

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

FURTHER AMENDMENTS NECESSARY.

DEPARTMENT POSITION CHANGED TO _____.

REMAINDER OF PREVIOUS ANALYSIS OF BILL AS AMENDED February 25, 2002, STILL APPLIES.

OTHER - See comments below.

SUMMARY

This bill would conform state law to the pension plan, Education IRA (Coverdell Education Saving Account or Coverdell Account), and Qualified Tuition Plan changes contained in the federal EGTRRA.

SUMMARY OF AMENDMENTS

The April 1, 2002, amendments made two technical changes. One change corrected a reference to Title VI of EGTRRA. The other change removed a reference to the qualified tuition program provision contained in EGTRRA and replaced it with a redundant pension plan provision reference, also contained in EGTRRA.

The department's analysis dated February 25, 2002, still applies.

Summary of Suggested Amendments

Department staff is available to assist with amendments to resolve the technical concerns discussed in this analysis.

Board Position:

<u>X</u> S	<u> </u> NA	<u> </u> NP
<u> </u> SA	<u> </u> O	<u> </u> NAR
<u> </u> N	<u> </u> OUA	<u> </u> PENDING

Legislative Director

Date

Brian Putler

5/2/02

POSITION

On March 6, 2002, the Franchise Tax Board voted 2-0 to support this bill, as amended February 25, 2002.

ANALYSIS

TECHNICAL CONSIDERATIONS

The reference to the qualified tuition program provision that was removed would have made “conforming amendments” to the Revenue and Taxation Code section that governs the taxability of distributions from qualified tuition programs. “Conforming amendments,” generally are non-substantive changes correcting cross-references, titles, etc., caused by a substantive change. By removing the conforming amendments from the bill, the April 1, 2002, amendment may be confusing. The author may want to reconsider this amendment.

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